



**STATEMENT OF PROCEEDINGS
FOR THE REGULAR MEETING OF THE
LOS ANGELES COUNTY AUDIT COMMITTEE
KENNETH HAHN HALL OF ADMINISTRATION
500 WEST TEMPLE STREET, ROOM 525
LOS ANGELES, CALIFORNIA 90012**

Thursday, December 17, 2015

10:30 AM

AUDIO FOR THE ENTIRE MEETING. (15-5923)

Attachments: [AUDIO](#)

Present: Chair James Blunt, Vice Chair Dorinne Jordan, Member Carl Gallucci, Lori Glasgow and Genethia Hudley-Hayes

Absent: Member Kieu-Anh King

I. ADMINISTRATIVE MATTERS

1. Call to Order. (15-4803)

The meeting was called to order by James Blunt at 10:39 a.m.

2. Reorganization of Audit Committee. (15-5870)

James Blunt announced that he will serve as the Chair of the Audit Committee and Dorinne Jordan will serve as Vice Chair.

3. Approval of the November 19, 2015 meeting minutes. (15-5204)

On motion of Dorinne Jordan, seconded by Lori Glasgow, this item was approved.

Attachments: [SUPPORTING DOCUMENT](#)

II. SUNSET REVIEW

4. Recommend to the Board of Supervisors to extend the Los Angeles County Hospitals and Health Care Delivery Commission sunset review date to July 1, 2019 (11/25/15). (15-5675)

On motion of Lori Glasgow, seconded by Dorinne Jordan, this item was approved.

Attachments: [SUPPORTING DOCUMENT](#)

III. BOARD POLICY

5. Recommendation to review substantive changes to Board Policy No. 8.020 - Procedures for Including Corrective Follow-Up Reports as Part of the Claims Settlements Presented to the Board, extend the sunset review date to December 10, 2020 and direct the Department to submit the policy to the Board of Supervisors for final approval (11/16/15). (15-5678)

On motion of Dorinne Jordan, seconded by Lori Glasgow, this item was approved.

Attachments: [SUPPORTING DOCUMENT](#)

IV. OLD BUSINESS

6. Recommendation to review changes to Board Policy No. 5.045 - Sheriff's Department Law Enforcement Services Contracts Review Policy and extend the sunset review date to September 1, 2019 (11/13/15). (15-5419)

Lori Glasgow, Fifth District, asked if this policy was reviewed at the CAR Cluster. Rick Mouwen, Contract Law Enforcement Bureau, Sheriff's Department (LASD), confirmed that this policy was discussed at the cluster and was referred back to the Audit Committee. Mr. Mouwen also confirmed that there were no substantive changes, only formatting of the policy language to include "contract renewal" and indicated that this has been performed for the last 12 years. Mr. Mouwen also stated that the policy applies to the MOU and for any law enforcement services that the Sheriff's provide; it does not include Sheriff's purchase contracts with procurement vendors.

On motion of Lori Glasgow, seconded by Dorinne Jordan, this item was approved.

Attachments: [SUPPORTING DOCUMENT](#)

7. Department of Children and Family Services - Overtime Review (7/2/15)(Continued from the meeting of 8/20/15). (15-3298)

Lori Glasgow, Fifth District, requested a status on Department of Children and Family Services (DCFS) implementation of the Auditor-Controller (A-C) recommendations. Rogelio Tapia, DCFS, reported that they have been working with different managers and regions in correcting timecards and took appropriate action where needed. DCFS has been working with a Virtual Private Network (VPN) report as a step towards prevention of incorrect timecards and has dedicated Human Resources (HR) staff monitoring the report. The report has been revised and will be issued early January 2016. In addition, DCFS has included timecard submission and approval reminders on monthly bulletins and quarterly newsletters. Onnie Williams III, DCFS, confirmed that all DCFS staff has access to email and receive email blasts of timecard submission/approval reminders. Mr. Williams added that the report includes information of employees accessing VPN after hours, between 7:00 p.m. and 5:00 a.m. There will be a review of any mismatched information.

In regards to employees utilizing computers for personal usage, DCFS have updated verbiage on the management directives which has been reviewed by the Executive team and the Union and has been published.

Lynne Condon, HR Division, DCFS, clarified that the reason DCFS partially agreed with some of A-C's finding was because DCFS already had a policy in place prior to the audit and DCFS agreed to review and update the policy.

Lori Glasgow, Fifth District, asked if there are any rules precluding employees to work in the evening. Mr. Williams confirmed that working evening hours would classify as an emergent situation and the employee would need to notify the supervisor the next day and report it on their timesheet. Mr. Williams also mentioned that the possibility of flexing hours will need to be discussed with the Union. Ms. Condon advised that the timeframe to implement flextime can take up to three months from the time the executive team approves the plan to the time it is presented to the Union.

Dorinne Jordan, Second District, asked about the payroll module. Mr. Tapia and Ms. Condon explained that DCFS developed an HR training that will be rolled out in January 2016 and will be done quarterly to

reinforce time keeping. This will be a mandated three hour interactive training held at DCFS' headquarters.

Mr. Tapia also reported that DCFS have reviewed and updated their Personnel Manual, to be issued in late January 2016; it has gone through the stages of County Counsel and Union review.

On motion of Lori Glasgow, seconded by Dorinne Jordan, this item was received and filed.

Attachments: [SUPPORTING DOCUMENT](#)

8. Sheriff's Department - Review of Transactions between Los Angeles County and Palantir Technologies, Inc. (Board Agenda Item 7, April 14, 2015)(8/28/15). (15-4177)

Dorinne Jordan, Second District, asked for an update. Glen Joe, LASD, reported that they are currently working on a contract with the agency and operational unit regarding moving forward with the agency. The agency has agreed to work with LASD and continue to provide service to the County. Mr. Joe also confirmed that because it was software maintenance, a Purchase Order (PO) did not require a contract.

Robert Smythe, A-C, advised that depending on the service or commodity, the usual limit for a PO before it needs to be processed by Internal Services Department (ISD) is \$5,000.

Robert Campbell, Acting Assistant Auditor-Controller, stated that there are provisions to procure sole source contractors through ISD for software licensing. One challenge was that the bundle included hardware that was classified as capital assets that should have been recorded in the accounting system, but was never included on the agency's documents to the County.

Mr. Campbell recommended LASD revise policies to include provision to provide proper Board notice and also recommended LASD to work with County Counsel and ISD to structure an agreement with the agency for ongoing software maintenance. Gerald Plummer, ISD, confirmed that they are working with LASD in policy development.

By Common Consent, there being no objection, this item was continued for six months to allow A-C, ISD, and LASD to report back.

Attachments: [SUPPORTING DOCUMENT](#)

9. Voyager Fuel Credit Cards Automated Controls Review (Board Agenda Item 7, August 4, 2015)(9/8/15). (15-4277)

Arlene Barrera, Assistant Auditor-Controller, reported that after they identified some misuse of Voyager Cards in Parks and Recreations, an employee was arrested by the District Attorney.

Robert Smythe, A-C, stated that they are working with ISD to develop a policy and a central monitoring plan for central oversight Countywide. They will look at the types of usage of the cards and see if they can block certain commodities from being purchased such as food and carwashes. A-C is working with U.S. Bank to see if they can provide some controls such as blocking certain purchases. Another control that they can do is to put out warnings for multiple gasoline fill-ups. This will alert the department to look at unusual transactions.

Ms. Barrera advised that it will be a two-step process to have this concluded. A-C can make most reports available to departments; however, there should be a centralized person to monitor reports. Additionally, there are approximately 6,000-8,000 voyager cards issued within the County. These cards will need to be pulled back and reissued through A-C. Departments will submit applications to A-C; A-C will then process it through U.S. Bank. Once cards are received by A-C, it will get distributed to the requesting departments. The central user would have access to pull reports and identify limits per cards. Ms. Barrera stated that they have a similar model with American Express Corporate cards that are centrally issued by their Disbursement Division. A-C can manage the voyager cards with the existing personnel.

In response to questions posed by Dorinne Jordan, Second District, Ms. Barrera confirmed that A-C is working with ISD to establish a policy to identify limitations based on the department's usage. As soon as the policy is established, A-C can get started on pulling back the current cards for reissuance.

On motion of Lori Glasgow, seconded by Carl Gallucci, this item was received and filed.

Attachments: [SUPPORTING DOCUMENT](#)

10. Public Safety Realignment Act (AB109) Review - Sheriff's Department - Fiscal Year 2014-15 (10/9/15). (15-4944)

Dorinne Jordan, Second District, wanted clarification on the timing and expectations of AB109. Robert Smythe, A-C, reported that the audit concluded on June 30, 2015 with just one or two audits left. Mr. Smythe reported that there were no material findings and that the over-claiming had no impact on the AB109 reimbursement; the administrative findings were not cost effective. Mr. Smythe also confirmed that the expenditures that the departments are claiming far exceed the AB109 budget.

On motion of Dorinne Jordan, seconded by Lori Glasgow, this item was received and filed.

Attachments: [SUPPORTING DOCUMENT](#)

11. Review of the Administration of the Department of Mental Health and the Regents of the University of California, Los Angeles Affiliation Agreement (10/23/15). (15-5134)

On motion of Dorinne Jordan, seconded by James Blunt, this item was received and filed.

Attachments: [SUPPORTING DOCUMENT](#)

12. Public Safety Realignment Act (AB109) Review - Probation Department - Fiscal Year 2014-15 (10/27/15). (15-5152)

By Common Consent, there being no objection, this item was received and filed.

Attachments: [SUPPORTING DOCUMENT](#)

V. REPORTS

13. Fiscal Year 2015-16 Cash Flow Projection (11/16/15). (15-5657)

On motion of James Blunt, and by Common Consent, there being no objection, this item was received and filed.

Attachments: [SUPPORTING DOCUMENT](#)

14. DiDi Hirsch Psychiatric Service - A Department of Mental Health Service Provider - Program Review (11/23/15). (15-5666)

On motion of James Blunt, and by Common Consent, there being no

objection, this item was received and filed.

Attachments: [SUPPORTING DOCUMENT](#)

- 15.** Pennacle Foundation, Inc. - A Community and Senior Services' Los Angeles County Youth Jobs Program Provider - Contract Compliance Review - Fiscal Years 2013-14 and 2014-15 (11/23/15). (15-5672)

Dorinne Jordan, Second District, requested an update on the Corrective Action Plan regarding the agency's financial plan, including plans for repayment. Paul Goldman, Community and Senior Services (CSS), indicated that an internal program review was conducted and identified ineligible costs associated with youth hired as student workers by the agency using CalWorks funds, who were not CalWork recipients; collection notices have been issued for the repayment of ineligible costs and the agency will be placed in the Contractor Alert Reporting Database (CARD) due to the lack of resolving the issue.

Lori Glasgow, Fifth District, asked if other funds can be utilized to pay the youth. Mr. Goldman confirmed that other funds were used to offset the costs; however, \$37,000 in eligible costs still remains outstanding and a response by the agency to remediate the issue has not been received.

Ms. Jordan requested a clarification on criteria that was utilized to place the agency on CARD. Mr. Goldman indicated that there were several criteria used including internal procedures to determine the agency's placement on CARD. The placement on CARD is due to the agency's lack to remediate the issue and their request to CSS to shift funds to cover the outstanding ineligible costs as a resolution.

Ms. Glasgow asked if the agency was still providing services and if they have contracts with other Los Angeles County departments. Mr. Goldman confirmed that the agency is no longer providing services and have no contracts with other Los Angeles County departments. Iscah Wang, A-C, added that the agency's Chief Executive Officer has moved out of state and no response to letters or phone calls has been obtained, it is possible that the agency is no longer in business.

At the request of Ms. Jordan, Don Chadwick, A-C, will provide information on the criteria utilized for determining an agencies placement on CARD to all Committee members.

On motion of Dorinne Jordan, seconded by Lori Glasgow, this item was

received and filed.

Attachments: [SUPPORTING DOCUMENT](#)

16. Watts Labor Community Action Committee - A Community and Senior Services' Los Angeles County Youth Jobs Program Provider - Contract Compliance Review - Fiscal Years 2013-14 and 2014-15(11/24/15). (15-5673)

On motion of James Blunt, and by Common Consent, there being no objection, this item was received and filed.

Attachments: [SUPPORTING DOCUMENT](#)

17. St. Joseph Center - A Department of Mental Health Service Provider - Contract Compliance Review (12/3/15). (15-5824)

On motion of James Blunt, and by Common Consent, there being no objection, this item was received and filed.

Attachments: [SUPPORTING DOCUMENT](#)

18. Bayfront Youth & Family Services - A Department of Mental Health Service Provider - Fiscal Compliance Review (12/9/15). (15-5853)

On motion of James Blunt, and by Common Consent, there being no objection, this item was received and filed.

Attachments: [SUPPORTING DOCUMENT](#)

19. Community and Senior Services - Fiscal Monitoring of Area Agency on Aging Program Services for Fiscal Year 2013-14 (12/9/15). (15-5854)

On motion of James Blunt, and by Common Consent, there being no objection, this item was received and filed.

Attachments: [SUPPORTING DOCUMENT](#)

20. Contractor Alert Reporting Database Status Report - December 2015 (12/9/15). (15-5864)

On motion of James Blunt, and by Common Consent, there being no objection, this item was received and filed.

Attachments: [SUPPORTING DOCUMENT](#)

21. Audit of Probation Department - Welfare and Institutions Code Section 275(b) (12/10/15). (15-5872)

Robert Smythe, A-C, provided a brief overview of the Probation Department Audit under the State of California's Welfare and Institutions

Code Section 275 (b). Mr. Smythe indicated that the review is done on an annual basis; however, after the resolution of two concerns, reviews can be conducted on a biennial basis.

Dorinne Jordan, Second District, requested clarification on the two concerns. Mr. Smythe indicated that one was regarding internal controls and the second involved a conflict of interest regarding a lawyer donating funds to events.

On motion of Dorinne Jordan, seconded by Lori Glasgow, this item was continued to the next meeting.

Attachments: [SUPPORTING DOCUMENT](#)

VI. DISCUSSIONS

- 22.** Status update by the Office of the Assessor regarding the Management Audit Recommendations as requested from the meeting of 11/19/15. (15-5126)

At the request of Dorinne Jordan, Second District, Steven Hernandez, Administrative Deputy, Assessor, provided an update on the recommendations in the Management Audit regarding Information Technology (IT). Mr. Hernandez indicated that a list of assigned computer equipment was reconciled and no further issues were found. Santos Kreimann, Chief Deputy Assessor, added that the use of multiple screens was included in the reconciled list. Mr. Hernandez indicated that a quarterly report on stored information technology is conducted by the purchasing manager, the purchasing manager will identify items not deployed and let the IT Manager know of the items, the IT manager will explore the reason for items not being deployed; all reports are current and updated quarterly, stored items are no longer kept in an off-site storage. Mr. Kreimann added that the IT Management Team is new and has assisted in bringing change to the culture.

Ms. Jordan asked who is the Chief Information Officer (CIO) for the Assessor's Office. Mr. Kreimann confirmed that as of September 2015, Tim Grizzle is the CIO and has brought a wealth of knowledge to the department.

Lori Glasgow, Fifth District, requested an update on the modernization of the system and workforce reduction process. Mr. Kreimann indicated that the new system is under development and operating in parallel with the old system, it is anticipated that both systems will be dually operating for the next two to three years. The Assessor's Office,

Auditor-Controller, Treasurer and Tax Collector, Registrar-Recorder/County Clerk and Assessment Appeals Board are working in collaboration to ensure that the new system operates in an efficient manner and the use of 47 jobs under ISD have been discontinued. Arlene Barrera, A-C added that as technology becomes obsolete and employees reach retirement age, many retirees are expected. Mr. Kreimann indicated that the cost related to the development of the new system will be requested in the 2016 Budget.

Ms. Glasgow asked when the three to five year horizon is expected commence. Mr. Kreimann confirmed that it commenced as of June 2015; however, employment in the IT department will not be reduced.

Ms. Jordan requested that all Deputies be briefed on the topic jointly.

Mr. Kreimann indicated that the new system has identified discrepancies with the base value of property valuations and may cause differences in the future.

Ms. Jordan asked how the new forecasting process is working. George Renkei, Assessor, indicated that the whole system was re-developed and all involved departments are in constant communication, all information is current and working well.

- 23. Pending Audits/Monitoring Reports. (15-5205)**

No update was provided.

VII. MISCELLANEOUS

- 24. Matters not on the posted agenda (to be Presented and Placed on the Agenda of a Future Meeting). (15-5654)**

There were no matters presented.

- 25. Public Comment. (15-5655)**

No members of the public addressed the Committee.

- 26. Adjournment. (15-5656)**

There being no further business to discuss, the meeting was adjourned at 11:50 a.m.